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FINANCING OF THE UNITED NATIONS ANGOLA VERIFICATION MISSION

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the Secretary-General's reports on the Financing of the United Nations Angola Verification Mission (UNAVEM III) (A/51/494 and Add.1 and 2). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The Secretary-General's report of 14 October 1996 (A/51/494) provides the financial performance of UNAVEM III for the period from 9 February to 31 December 1995. Addendum 1 to the report contains the updated cost estimates for the period from 1 July 1996 to 30 June 1997 for the maintenance of UNAVEM III, while addendum 2 revises the updated cost estimate of the Mission for the same period, based on a reduction of the troop strength by approximately 650 personnel on 31 December 1996.

3. As indicated in the introduction to the Secretary-General's report (A/51/494), the Security Council, by its resolution 976 (1995) of 8 February 1995, established UNAVEM III for an initial period of six months until 8 August 1995. The Council has extended the mandate of the Mission by subsequent resolutions, the most recent of which was resolution 1075 (1996) of 11 October 1996 extending the mandate for a period of two months, from 12 October to 11 December 1996.

4. The total resources made available to the Mission from its inception on 3 January 1989 to 31 December 1996 (as at 31 October 1996) are indicated in paragraph 9 and annex IV of document A/51/494/Add.1. As indicated in paragraph 10, as at 31 October 1996, outstanding assessments amounted to $144,862,857 for the period from inception (3 January 1989) to 11 December 1996.

5. With regard to reimbursement to troop-contributing countries, the Advisory Committee was informed that payment had been effected for the period up to

30 November 1995. Based on official troop strength reports for the period from 1 December 1995 to 30 June 1996, it was estimated that an amount of $48,160,800 was due for troop costs. This consisted of $43,356,400 for basic salaries and allowances, $1,732,600 for specialist allowance and $3,071,800 for clothing and equipment allowance. Official certified reports for the period beyond 30 June 1996 have not yet been received.

Performance for the period from 9 February to 31 December 1995

6. As indicated in the summary of the Secretary-General's report (A/51/494), of the total appropriation of $250,764,400 gross ($247,283,900 net) for the maintenance of the Mission for the period from 9 February to 31 December 1995, an amount of $9,746,100 was rolled over to the period beginning 1 January 1996 with the concurrence of the Advisory Committee. Expenditures amounted to $220,227,400 gross ($216,898,100 net) resulting in an unencumbered balance of $20,790,900 gross ($20,639,700 net).

7. As indicated in paragraph 7 of the same report, the unencumbered balance resulted from savings primarily attributable to (a) delays in the implementation of the mine-clearing, and disarmament and demobilization programmes; (b) the lack of progress in the establishment of an independent UNAVEM radio station, (c) the delay in the deployment of military and civilian personnel; and (d) the cancellation of the requirement for naval operations.

8. As indicated in paragraph 8 of the report and the additional information in annexes I and II to that report, the savings were offset by additional requirements for various items. On inquiry, the Advisory Committee was informed that some of the items such as consultant services, travel and overtime and additional expenditures related to construction and maintenance of premises for which additional resources were required, had not been foreseen and therefore had not been included in the original estimates.

9. The Advisory Committee notes that the unanticipated requirement for consultants' services resulted in an overrun of $136,700 for this purpose. On inquiry regarding details of the consultancy services, the Advisory Committee was provided with the information set out in the annex to the present report.

10. As indicated in paragraph 22 of annex II B to the Secretary-General's report, additional expenditure of $467,200 was incurred as a result of underestimated travel costs, i.e., actual number of trips (50) as opposed to the estimated provision (8), a difference of 42 trips. As indicated in paragraph 19, an expenditure overrun of $230,000 owing to the unforeseen need for overtime for local staff was incurred.

11. While a savings of $2,268,900 has been shown for mission subsistence allowance, resulting from the slower deployment of international civilian staff (para. 21) additional requirements of $290,800 were incurred for mission subsistence for military contingents (para. 8). In this connection, the Advisory Committee recalls the Secretary-General's report in document A/50/797, which sets out the mission subsistence allowance rates for various field mission locations. While the Advisory Committee does not believe that the rates in UNAVEM are excessive, it believes that, as indicated in the report on the

activities of the Office of Internal Oversight Services (A/51/432, annex, para. 31), "there was a lack of adequate control over payment of mission subsistence allowances". The Advisory Committee recommends that steps be taken to ensure that there is better monitoring and control of this item of expenditure.

12. On inquiry, the Advisory Committee was informed that the revised mission subsistence allowance rate of $72 per day had been established following a survey in the area conducted by a compensation officer of the United Nations. The previous rate of $65 had been established based on data provided in questionnaires completed by mission staff. While the rate normally comprises three main elements, namely accommodation, food and incidentals, in UNAVEM's case, the rate compensated for food and incidentals only as accommodation was provided by the Mission. Furthermore, the availability of canteen facilities in Luanda has been taken into account in the calculation of the rate, albeit not as the sole source of food provision; most food items have had to be imported and therefore are generally expensive. The Advisory Committee was informed that canteen charges are $10 per day for three meals based on the cost of rations and catering services provided to military personnel and that a limited number of non-military personnel in Luanda utilize the facility.

13. With regard to expenditure for communications equipment, the Advisory Committee notes that additional requirements of $266,300 resulted from higher actual requirements for spare parts and repair of used equipment in the mission area and those transferred from other peacekeeping operations (A/51/494, annex II B, para. 54). The Advisory Committee believes that the incidence of defective equipment being transferred from one mission to another results in the receiving mission having to incur additional costs for repair and maintenance of the equipment. The Advisory Committee recommends that corrective action be taken in this regard and draws attention to its comments in its report on the management of peacekeeping assets (A/50/985), in particular its comments in paragraph 13 of that report.

14. In paragraph 245 of its report on United Nations peacekeeping operations,[1] the Board of Auditors had observed that many low-value items such as containers, mineral water and wooden posts were transferred from the United Nations Operation in Mozambique (ONUMOZ) to UNAVEM and that the cost of carrying these low value items in most cases was more than the value of the items. On inquiry, the representatives of the Secretary-General informed the Advisory Committee, that the Department of Peacekeeping Operations of the Secretariat would review the issue again; however, the incidents reported by the Board of Auditors had occurred during the start-up phase of the operation when much-needed supplies were not readily available in Angola.

15. In paragraphs 276 and 277 of its report,[1] the Board of Auditors commented on the shipment of water purification equipment to UNAVEM III. The equipment could not be utilized with non-saline water sources in the mission and had to be stored. On inquiry, the Advisory Committee was informed by the representatives of the Secretary-General that since a much more cost-effective alternative for the supply of treated water was subsequently found, the equipment, which had been shipped to UNAVEM on a chartered vessel at no extra cost to the Mission, was securely stored. It was also discovered that the equipment could possibly

be under warranty and the Organization subsequently pursued this option for the return of the equipment.

16. With regard to the Board's comments in paragraphs 283 and 284 of its report[1] regarding ex post facto presentation to the local committee on contracts, the Advisory Committee was assured that vigorous efforts had since been made to correct the situation and to avoid future occurrence.

17. The Advisory Committee notes that overall additional requirements of $2,881,400 were incurred for premises/accommodation; delays in the shipment and establishment of prefabricated housing resulted in the need to rent hotel accommodation ($1,464,700). In this regard, the Advisory Committee recalls that it had been informed that rentals in the mission area were high; the Advisory Committee further recalls its recommendation in paragraph 18 of its report in document A/50/814/Add.1 that the situation with regard to rental policies be closely monitored, bearing in mind the expected duration of the UNAVEM mission.

18. The Advisory Committee notes that actual expenditures were higher than estimated for maintenance supplies and services for premises, for utilities and for construction, maintenance and related expenditures for prefabricated buildings.

19. The extent of the variations between estimates and actual expenditures indicates a lack of proper planning, an issue the Advisory Committee believes should be addressed as soon as possible. Better analysis and application of the lessons learned from previous missions should be undertaken and there should also be better coordination between planning estimates on the ground and at Headquarters.

20. As indicated in paragraph 32 of the report of the Office of Internal Oversight Services (A/51/432), the Advisory Committee notes that a special review of the Political Affairs Division of UNAVEM revealed a number of deficiencies in the Division. On inquiry, the Advisory Committee was informed that the observations contained in the report were made by the resident auditor in November 1995. All of the observations had been accepted by the Mission and corrective action had been taken.

21. Although the comments, observations and recommendations of the Advisory Committee in the paragraphs above relate to the performance of the Mission for the period ending 31 December 1995, they should be taken into consideration for estimates and expenditures for the following period.

22. As indicated in paragraph 9 of the Secretary-General's report A/51/494, the action to be taken by the General Assembly at its fifty-first session in connection with the financing of UNAVEM III is a decision to credit Member States the unencumbered balance of $20,790,900 gross ($20,639,700 net) for the period from 9 February to 31 December 1995. The Advisory Committee concurs in this request of the Secretary-General.

Cost estimates for the period from 1 July 1996 to 30 June 1997

23. As indicated in the Secretary-General's report in document A/51/494/Add.2, the updated revised cost for maintaining the Mission for the period from 1 July 1996 to 30 June 1997 is estimated at $314,738,000 gross ($308,606,000 net) based on a reduction of troop strength by approximately 650 personnel on 31 December 1996 as noted in Security Council resolution 1075 (1996), in which the Council also requested the Secretary-General to report by 20 November 1996 and by 1 December 1996 on the progress made towards consolidating the peace process in Angola. The Secretary-General's report S/1996/960 in this regard was issued on 19 November 1996.

24. The Advisory Committee notes that the revised estimates take into account reductions in some related items of expenditure, while the estimate for air and surface freight shows an increase due to the additional requirements for the repatriation of contingent-owned equipment.

25. The Advisory Committee notes from document A/51/494/Add.1 (annex III C, para. 5) that the provision for air operations reflects the replacement of the Ilyushin Il-76 from the aircraft fleet with a Boeing 727 aircraft effective 28 October 1996. On inquiry as to the change, the Advisory Committee was informed that after having reached its full deployment, the Mission's operations were now at a steady state and as such, the magnitude and pace of the movement of equipment and material had been reduced. Consequently, it was deemed more cost-effective to replace the Ilyushin Il-76, which had a cargo capacity of 40 tonnes, by a Boeing 727, which had a cargo capacity of 18 tonnes. The Advisory Committee was also informed that the Boeing 727, which was a smaller aircraft, enabled access to about 70 per cent of the airfields throughout the mission area, in comparison to some 20 per cent for the Ilyushin Il-76. The Advisory Committee was provided with a comparative cost analysis showing base and additional hire costs per month, average fuel usage and estimated fuel costs per month.

26. The Advisory Committee welcomes the information provided in annex V to document A/51/494/Add.1 outlining the organization and scope of work of the logistic support contract. The Advisory Committee notes that the annex is generally well prepared and takes into account its previous comments. The Advisory Committee requests that such information be included in the submissions relating to other peacekeeping missions as well.

27. The Advisory Committee notes from document A/51/494/Add.1 that the estimate for contractual services has been shown as $19,363,000 while the original estimates as shown in document A/50/651/Add.3 was $18,137,000, thus showing an increase of $1,226,000. The Advisory Committee understands that the increase is partly due to an increase in compensatory time off/leave payments to contractor's personnel in accordance with local labour laws and frequency and quantity of work items in the provisions under the scope of work.

28. The Advisory Committee enquired as to the salary levels of the contractor's staff and was informed that the salary range of the contractor's staff is diverse, ranging from that for skilled specialists to unskilled labour. The

Advisory Committee trusts that the salary paid by the contractor to local workers is competitive.

29. The Advisory Committee was also informed about negotiations prior to the re-signing of the contract and use of the bidding process. The Advisory Committee was informed that although the present contractor's bid was not the lowest one per se, in view of the impending downsizing of the Mission, it was not in the best financial interest of the United Nations to have a new contractor as this would involve mobilizing for one contractor and demobilizing for the new one, with the cost of repatriation in addition to the cost for overlapping time for handing over, which would be considerable. The Advisory Committee believes the cost effectiveness of the logistic support contract should be reviewed given the number of international and local administrative personnel needed to support it.

30. The Advisory Committee notes the action to be taken by the General Assembly in section III of document A/51/494/Add.2. Bearing in mind its comments and observations in the paragraphs above, especially with regard to the downsizing of the Mission as well as the previous experience of the Mission, the Advisory Committee recommends that, at this stage, the General Assembly appropriate an additional amount of $137,978,400 gross ($134,980,800 net), thus bringing the total appropriation for the period from 1 July 1996 to 30 June 1997 to $308,096,900 gross ($201,964,900 net), with assessment of this additional appropriation at a monthly rate of $22,996,400 gross ($22,496,800 net) beginning 1 January 1997, subject to the Security Council extending the mandate of UNAVEM III beyond 11 December 1996.

Notes

[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), vol. II, chap. II.

ANNEX

Consultants employed during the period ending 31 December 1995

As indicated in the table below, the services of eight consultants were employed during the period ending 31 December 1995 for various purposes and at varying intervals. The total expenditure of $136,700 consists of $96,500 for consultants' fees and $40,200 for round-trip travel and related costs from various points of origin to Angola.

Consultant	Services provided	Period covered	Monthly remuneration (United States dollars)
FORTES, Honorio C.	Advisory services to the Special Representative of the Secretary-General on facilitating the conduct of negotiations and discussions between the concerned parties	4 April-31 December 1995	4 187.00
STACHEWICZ, Lawrence	Assist in the establishment of the Movement Control and Logistics Section and carry out related functions as directed by the Chief Administrative Officer	6 May-10 December 1995	2 827.50
KILMARTIN, Paul	Advisory services to the Civil Engineering Unit	27 May-26 July 1995	3 203.00
THIAM, Mamadou	Advisory services on political affairs	1 July-31 August 1995	3 418.00
CAMPBELL, Margrette	Interpretation and translation services	19 August-18 October 1995	3 842.00
BABLITZ, Clifford W.	Assistance in logistics-related activities	26 August-27 October 1995	3 060.00
BENDER, Gerald J.	Advisory services on political affairs, the conflict, culture, geography, history and economy of Angola	23 August-7 September 1995	4 900.00[a]
MILNER, Clive Maj.	Advisory services on mission management, including matters on decision-making and problem-solving	24 August-7 September 1995	4 500.00[a]

[a] Lump sum.

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Corrigendum

Page 6, paragraph 30, line 8

For ($201,964,900 net) read ($301,964,900 net)

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